

Message Text

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ACTION EUR-12

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 9782

C O N F I D E N T I A L MOSCOW 6017

E.O. 11652: GDS

TAGS: EEWT US UR

SUBJ: SALES OF US AIRCRAFT

REF: A) STATE 099229; B) MOSCOW 12231, 8/9/74; C) MOSCOW 4653

1. SUMMARY: SOVIET INTEREST IN PURCHASING US WIDE-BODIED AIRCRAFT PRESENTLY IN HOLDING PATTERN. END SUMMARY.

2. DUE TO NUMBER OF FACTORS, INTERESTED SOVIET ORGANIZATIONS (MINISTRY OF CIVIL AVIATION AND MINISTRY OF AVIATION INDUSTRY) APPEAR TO BE UNDER INSTRUCTION AT PRESENT TO LET ISSUE OF WIDE-BODIED AIRCRAFT PURCHASE LIE DORMANT. LAST FALL SOVIET ACQUISITION OF SEVERAL BOEING 747S APPEARED IMMINENT. WHEN QUESTIONED THEN ABOUT SOVIET MOTIVES IN PURCHASING SUCH AIRCRAFT AT SAME TIME THAT THEIR OWN IL-86 WAS IN DEVELOPMENT, ONE MIDDLE-LEVEL CIVIL AVIATION MINISTRY OFFICIAL STATED THAT US WIDE-BODIED PLANES ARE AVAILABLE NOW, WHEREAS IL-86 WILL NOT BE IN SERVICE FOR SOME YEARS. FYI: AS FAR AS EMBASSY AWARE, THERE NEVER WAS ANY DOUBT IN SOVIETS' MIND THAT DEVELOPMENT OF IL-86 WOULD CONTINUE TO FRUITION, IRRESPECTIVE OF POSSIBLE WIDE-BODIED AIRCRAFT PURCHASE FROM US IN THE INTERIM. END FYI.

3. AFTER BEGINNING OF YEAR IT APPEARED THAT SOVIET DECISION NOT TO BRING TRADE AGREEMENT INTO FORCE--AND
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ELIMINATION OF EX-IM AS FINANCING SOURCE-RESULTED IN

USSR'S RETHINKING ITS POSITION ON POSSIBLE PURCHASE OF WIDE-BODIED AIRCRAFT. FURTHER, SOVIETS TO GREATER OR LESSER EXTENT TRIED TO LINK PURCHASE OF ACTUAL AIRCRAFT EITHER WITH LICENSE OF US TECHNOLOGY TO BUILD THEIR OWN PLANES OR AT LEAST WITH AMERICAN-SUPPLIED TURN-KEY PLANT FOR MANUFACTURING SUCH AIRCRAFT.

4. IN EARLY APRIL PAN AM REPS TOLD AMBASSADOR (REF C) THAT CIVIL AVIATION MINISTRY FOREIGN RELATIONS CHIEF PAVLOV RELATED TO THEM THAT INADEQUATE RESERVES OF HARD CURRENCY (PRESUMABLY AT DISPOSAL OF SOVIET AVIATION ORGANIZATIONS) WAS DELAYING PURCHASE OF WIDE-BODIED AIRCRAFT. IN FACT, IT DOES APPEAR LIKELY THAT SOVIET HARD-CURRENCY REVENUES FROM AERFLOT OPERATIONS DURING 1974 DECLINED, DUE TO HIGHER OPERATING COSTS ABROAD (ESPECIALLY FOR FUEL) AS WELL AS ADDITION--PRIMARILY FOR POLITICAL PURPOSES--OF SEVERAL ECONOMICALLY UNPROFITABLE OVERSEAS ROUTES DURING YEAR.

5. DURING CALL AT MINISTRY OF CIVIL AVIATION APRIL 30 ON OTHER BUSINESS, EMBOFF ASKED MCA DEPUTY FOREIGN RELATIONS CHIEF SAMORUKOV ABOUT STATUS BOEING PROPOSAL. SAMORUKOV STATED THAT SOVIET UNION NOW DEFINITELY WILL NOT PURCHASE ANY 747S UNTIL SUCH TIME AS USG PERMISSION FORTHCOMING TO ALLOW COMPANY PROVIDE PLANT FOR USSR TO MANUFACTURE ITS OWN WIDE-BODIED AIRCRAFT. (COMMENT: THIS MAY SIMPLY BE RHETORICAL POINT, ALTHOUGH PRESUMABLY SOVIETS WOULD WISH MOST OF ALL TO HAVE EQUIPMENT AND TECHNOLOGY SUCH PLANT COULD PROVIDE FOR ADAPTATION TO IL-86 PROJECT, THUS ASSURING THAT THIS SOVIET-DESIGNED AIRCRAFT WOULD BE OF HIGHEST POSSIBLE QUALITY WITH LOWEST POSSIBLE UNIT COST. END COMMENT)

6. REGARDING LOCKHEED, FIRMS' PROPOSALS WERE FULLY EXPLAINED DURING SEVERAL MEETINGS WITH AMBASSADOR LAST YEAR, REPORTED, INTER ALIA, IN REF B. EMBASSY HAS NOT YET SUCCEEDED IN ELICITING INDICATION WHEN SOVIETS PLAN TO PROVIDE LOCKHEED WITH FINAL ANSWER TO THESE PROPOSALS.
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